MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

PCL0012 – INTRODUCTION TO COMMERCIAL LAW

(All Sections / Groups)

26 MAY 2017
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of THREE (3) printed pages excluding the cover page.
2. It is **COMPULSORY** to answer **ALL** question from Section A and TWO (2) questions from Section B.
3. Please write all your answers in the Answer Booklet provided.

SECTION A: ESSAY [40 MARKS]

Instruction: It is **COMPULSORY** to answer **ALL** questions in this Section.

QUESTION 1 [40 marks]

a. Emma crafts dream catchers and sells them online through her Instagram account. Her business has been a success and her friends advised her to promote her business by setting a shop in her residence at Taman Bukit Beruang, Melaka. Therefore, she wishes to register her business with the Companies Commission Malaysia (Suruhanjaya Syarikat Malaysia) before she opens a business at her residence. Emma is not interested in partnerships.

Advise Emma.

(25 marks)

b. Write a comparison between partnership and sole proprietorship. Answers should be in inserted in a table.

(15 marks)

[TOTAL: 40 marks]

Continued .....

SECTION B: ESSAY [60 MARKS]

Instruction: Answer **TWO** (2) questions only.

QUESTION 2

The general rule is that no one can give what he does not have. Discuss this general rule and its exceptions. Support your answer with relevant authorities.

(30 marks)

QUESTION 3

Ash,an owner of a snack factory in Malacca, inherited the factory from his father who founded the factory 35 years ago. Soon after Ash took over the factory from his father, he realized that the factory is yet to have any insurance coverage. He meets his good friend; Ken, an insurance agent, and seeks for coverage from Ken's insurance agency, BIB Insurance Bhd ("BIB").

In the insurance proposal form, there was a question on whether Ash had been convicted for any kind of crime in past five years. The insurance agent, Ken knew that Ash was convicted for arson as he was caught for burning his competitor's factory 3 years ago, while at the same time he also knew that by admitting to the fact, there is a high chance that the Insurance Company will increase Ash's premium and Ash could not afford it. Thus, after having a brief discussion with Ash, Ken agreed to falsify the answer regarding his friend's conviction in the proposal form.

While filling in the form, Ash also includes some immaterial information to the coverage as he insisted to do it. A year later since his business was booming, Ash had formed a Company called Poke Snacks Inc. which he and his wife, Serena are the only shareholders of the company. The company was formed in order to expand their business to a larger scale.

2 years later, a fire broke out in Ash's factory. The whole factory was burnt down. Ash went to the headquarters of BIB Insurance Bhd ("BIB") to claim his insurance compensation. But to his surprise the Insurance Company had refused to compensate Ash on several grounds. Based on the situation above, identify the grounds of refusal by BIB Insurance Bhd ("BIB") in granting the compensation, and advise Ash based on Principles of Insurance with relevant authorities to support your answer.

(30 marks)

Continued .....

QUESTION 4

(a) Explain the characteristics of the following negotiable instruments:

i) Bills of Exchange.

(10 marks)

b) Explain the following:

i) The legal rights of holders in due course under negotiable instruments.

(10 marks)

ii) The differences between holder and holder in due course.

(10 marks)

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